



Education & Skills  
Funding Agency

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Date: 27 July 2023

Sarah Noon  
Chair of Trustees  
St Ralph Sherwin Catholic Multi Academy Trust  
3<sup>rd</sup> Floor St Katherine's House  
Derby  
DE1 3TQ

**Dear Ms Noon**

**Notice to improve: St Ralph Sherwin Catholic Multi Academy Trust**

I am writing to you in your capacity as the Chair of St Ralph Sherwin Catholic Multi Academy Trust, to inform you that we are issuing the trust with a Notice to Improve due to financial management, compliance and governance concerns.

Firstly, I want to thank you for the positive engagement with my team and with the Schools Resource Management Advisor and the work already underway to improve budgeting, monitoring and financial governance at St Ralph Sherwin. I am aware that processes have started to improve since your appointment as Chair and the appointment of a new Chief Executive Officer and Chief Finance Officer and trustees in 2022. However, my concerns remain in relation to the work required to further strengthen financial governance and the action required to prevent further deterioration in the trust's financial position and ensure it is able to continue as a going concern.

Paragraphs 2.10, 2.11 and 2.20 of the Academy Trust Handbook (ATH) clearly state:

- **2.10** The board of trustees must approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.
- **2.11** The board must ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.
- **2.20** The board must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

In addition, internal scrutiny in 2021/22 did not take place until after 31 August 2022 and was therefore not compliant with paragraph 3.15 of ATH which clearly states:

- Internal scrutiny must:
  - be independent and objective – for example it must not be performed by the trust's own accounting officer, chief financial officer or other members of the senior leadership or finance team
  - be conducted by someone suitably qualified and experienced and able to draw on technical expertise as required
  - be covered by a scheme of work, driven and agreed by the audit and risk committee, and informed by risk
  - be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time
  - include regular updates to the audit and risk committee by the person(s) or organisation(s) carrying out the programme of work, incorporating:
    - a report of the work to each audit and risk committee meeting, including recommendations where appropriate to enhance financial and non-financial controls and risk management
    - an annual summary report to the audit and risk committee for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress.

This letter and its annexes serve as a written notice to improve financial management, compliance, and governance at the trust (Notice to improve or “the Notice”). It reflects the weak financial position of the trust and action required to prevent further deterioration in the trust’s financial position.

The trust is required, pursuant to the provisions of the Academy Trust Handbook (ATH) and the Funding Agreement (FA), to comply with the terms of this Notice. These terms are set out in Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the ATH, have been revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land and buildings of a duration beyond any limit in the trust’s funding agreement
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

If the trust seeks retrospective approval from the ESFA this will be deemed a breach of the ATH. Further details of the approval process will be forwarded to the Accounting Officer upon acknowledgment of receipt of this letter. These delegated authorities shall be returned to the trust once we are satisfied that the requirements of the notice have been, and will continue to be, complied with to the satisfaction of the Secretary of State.

We will monitor progress made towards meeting the requirements of this notice. We will lift the notice when the requirements set out in the annex have been met in full.

We reserve the right to issue a revised notice and add further specific conditions if required, should the trust fail to make sufficient progress against the original conditions. Should it become evident that the trust is unlikely to fulfil the conditions and / or requirements set out in this notice and / or within the agreed timescales, we will explore the contractual intervention options available.

In the event that the trust fails to meet the requirements of this notice, to the satisfaction of the Secretary of State, the trust will be considered to have failed to comply with the terms of the ATH. This will amount to a breach of the terms of the FA and may lead to termination.

If continued non-compliance with the ATH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

I should be grateful if you would acknowledge receipt of this letter by email within 3 working days of the date of this letter to [REDACTED].

The trust is required to publish the Ntl on its website within 14 days of it being published on gov.uk and retain it on the website until the Ntl is lifted.

I am copying this letter to the Accounting Officer Kevin Gritton, and Trust Members Laura O'Brien, Right Reverend Patrick McKinney, Reverend Father Paul Chipchase and Reverend Father Simon Gillespie, and Carol Gray/Kate Copley, Department for Education (DfE) Regional Directors for the East Midlands.

I look forward to hearing from you.

Yours sincerely



**Warwick Sharp**  
**Director, Schools Financial Support and Oversight**

CC. Kevin Gritton – Accounting Officer  
Laura O'Brien, Right Reverend Patrick McKinney, Reverend Father Paul Chipchase,  
Reverend Father Simon Gillespie - Members  
Peter Giorgio - Diocesan Director of Education  
Kate Copley/Carol Gray - DfE Regional Directors for East Midlands

### **Notice to improve**

The Education and Skills Funding Agency (ESFA) has decided to issue a Notice to improve (the 'Notice') as a consequence of St Ralph Sherwin Catholic Multi-Academy Trust's (the 'Trust')

- failure to approve a balanced budget, and any significant changes to it, for the financial year to 31 August 2023 as required in ATH 2.10
- failure to base budget forecasts on realistic assumptions that reflect lessons learnt and insufficient action to ensure financial viability, as required in ATH 2.11 and 2.20; and
- failure to ensure internal scrutiny in 2021/22 that met the requirements of ATH 3.15.

### **Conditions**

1. The trust is required to comply with all of the conditions set out in Annex B.

### **Financial management and governance requirements**

2. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified and return to compliance with the Academy Trust Handbook.
3. The Trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.
4. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

### **Monitoring and progress**

5. The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the ESFA to monitor compliance and progress.
6. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the given timescales, the ESFA will begin to consider and explore the contractual intervention options available.

### **Compliance and the end of the notice period**

7. As outlined in Annex B, the trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the ESFA will use to monitor the trust's progress. Annex B sets out the detail of the evidence required to fulfil the condition and the timescales to submit this evidence to the ESFA.
8. When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the ATH and no other breaches have been identified, the ESFA will write to the Trust to confirm that the Notice has been lifted.

**Table of conditions**

The table below summarises the conditions that have been placed upon St Ralph Sherwin Catholic Multi Academy Trust (“the Trust”)]. It sets out the evidence the Trust must provide, and the timescales the Trust must meet, to show that they have complied with the Notice to improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

	<b>Condition applied</b>	<b>Action/ evidence required from trust</b>	<b>By when</b>
1	<p>The trust is required to:</p> <p>Prepare and submit a revised Trust financial plan.</p>	<p>The plan should be agreed by the trust board and externally validated by an Independent expert (such as those available at the Association of School and College Leaders, the National Association of Head Teachers or the Institute of School Business Leaders).</p> <p>The plan must include, as a minimum:</p> <ul style="list-style-type: none"> <li>i. how the trust will aim to achieve a balanced budget for 2025/26 and maintain this each year thereafter. This must be supported by robust budget forecasts through to 2026/27 and detail of assumptions used to support the figures.</li> <li>ii. evidence to support realistic pupil number forecasts contained in the plan</li> <li>iii. a clear efficiency and savings plan setting out specific areas where further savings can be made across the trust (referencing the SRMA</li> </ul>	<p>The plan must be submitted no later than 15 September 2023.</p>

	<p>The trust should review the areas identified by the SRMA and make reasonable endeavours to implement the improvements identified.</p>	<p>report and ICFP report where relevant) iv. a cashflow forecast for an 18-month upcoming period.</p> <p>The trust must provide ESFA with details of the actions they have taken to review areas identified by the SRMA and implement the improvements recommended. The trust must also provide details of the level of savings achieved. The trust may want to incorporate this within a separate action plan.</p>	<p>15 September 2023</p>
	<p>Carry out Integrated Curriculum and Financial Planning (ICFP) analysis and produce a report that identifies any potential savings/benefits and shows how the trust is using (or will in the future use) data on ICFP metrics to inform its planning and deployment of teachers. If the trust identifies savings, they must be incorporated into the revised financial plan.</p>	<p>The ICFP report produced must identify whether the trust is using guidelines or benchmarks for these metrics – and what they are. The report must as a minimum consider the core metrics:</p> <ul style="list-style-type: none"> <li>• average teacher contact ratio</li> <li>• average class size</li> <li>• pupil to teacher ratio</li> <li>• average teacher cost</li> <li>• % spend on teachers</li> <li>• SLT as % of teaching workforce</li> </ul>	<p>15 September 2023</p>

2	<p>The trust must submit to ESFA monthly management accounts and a cashflow forecast by the 10<sup>th</sup> of the following month for a period of 12 months from agreement of the plan. Management accounts must be compliant with the relevant section of ATH 2.18 to 2.21. The frequency of reports thereafter will be determined by the ESFA, based on progress against the recovery plan.</p>	<p>Copy of monthly management accounts including cashflow, and copies of latest bank statement and aged creditors and debtors to be sent to the ESFA.</p>	<p>From July 2023, the management reports must be submitted to the ESFA by 15<sup>th</sup> working day of the month, for a minimum of 12 months, until further notice.</p>
3	<p>The trust must ensure both the trust board and finance committee meet 6 times a year until further notice and provide a copy of the approved minutes along with associated reports to the ESFA no later than 5 working days after approved.</p>	<p>ESFA receives notice of all board meetings; and that the agenda and minutes (in particular, all information relevant to the trust's financial or governance position) are forwarded to ESFA</p>	<p>As soon as available.  Minutes within 5 days of approval.</p>
4	<p>The trust must commission an independent review of its budget setting and monitoring process in 2021/22 and 2022/23 to establish lessons learnt and recommendations for improvement.</p> <p>The terms of reference of the review and the outcome must be shared with the ESFA.</p>	<p>The Trust provides the terms of reference to ESFA</p> <p>The trust provides the outcome report and evidence it has reviewed and actioned any recommendations from the external review.</p>	<p>By 10 August 2023</p> <p>By 30 September 2023</p>

5	<p>The trust must provide evidence to the ESFA that it has instructed an independent scrutineer to carry out its programme of internal scrutiny, including when reviews will take place and what the internal scrutiny will cover.</p> <p>The trust must submit the internal scrutiny report and details/ action plan of how the trust will address all recommendations made by the internal scrutineer and the timescale(s) when this will be achieved by, to the ESFA/DfE within 4 weeks of the internal scrutiny taking place.</p>	<p>The trust provides evidence to the ESFA that an independent scrutineer has been instructed to carry out its programme of internal scrutiny and evidence of when the reviews will take place and what the internal scrutiny will cover.</p> <p>The trust provides the ESFA with a copy of the internal scrutiny report and details/ timescales of the actions that the trust will/ has put in place to address all recommendations made by the internal scrutineer.</p>	<p>By 31 August 2023 and then each year until the Ntl is lifted</p> <p>Within 4 weeks of the internal scrutiny taking place until the Ntl is lifted</p>
6	<p>The trust is required to:</p> <ul style="list-style-type: none"> <li>a) comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification</li> <li>b) submit the Budget Forecast Return (BFR) by the deadline required by the ESFA</li> <li>c) contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their trust financial plan</li> </ul>	<p>The ESFA receives audited financial statements by 31 December 2023, each year until the Ntl is lifted.</p> <p>The ESFA receives the BFR by date required, each year until Ntl is lifted.</p> <p>Returns show recovery in line with the trust financial plan.</p>	<p>Submit audited financial statements by 31 December 2023, each year until the Ntl is lifted.</p> <p>Submit BFR by date required, each year until NTI is lifted.</p>



7	The trust is required to request approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 5 of the ATH. These requests should be sent using the <u>esfa-enquiry-form</u> . Retrospective approval will be deemed as a breach of the ATH.	The trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Ntl.	Until the Ntl is lifted.
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